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Register No. 273-02

NATIONAL RECOVERY ADMINISTRATION

PROPOSED CODE OF FAIR COMPETITION

FOR THE

THREAD INDUSTRY

AS SUBMITTED ON AUGUST 25, 1933



The Code for the Thread Industry
in its present form merely reflects the proposal of the above-mentioned
industry, and *none of the provisions contained therein are
to be regarded as having received the approval of
the National Recovery Administration
as applying to this industry*

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

SUBMITTED BY
THE THREAD INSTITUTE
(II)

THE THREAD INDUSTRY—CODE OF FAIR COMPETITION

For the purpose of effectuating the policy of the United States Government as declared in Title I, Section 1, of the National Industrial Recovery Act, the members of the Sewing, Crochet, Embroidery, and Darning Thread Industry whose signatures are appended hereto, hereby apply to the President as provided in Section 3 of the said Act to approve the following Code of Fair Competition for the Sewing, Crochet, Embroidery, and Darning Thread Industry, and, subject to such approval, and for the period designated in Section 2 (c) of Title I of the National Industrial Recovery Act, they hereby agree to all the terms of this Code.

TITLE 1—APPLICATION OF THE CODE

1. (a) This Code of Fair Competition, hereinafter referred to as the Code, shall apply to all manufacturers of sewing, crochet, embroidery, and darning thread who are doing business in the United States.

For the purposes of this Code, manufacturers of sewing, crochet, embroidery, and darning thread, shall be defined to be all producers of such thread, and the producers of such thread shall be defined to be all persons, firms, and corporations who operate machinery in the production of the said threads or of any of them and all persons, firms, and corporations who purchase yarn or unfinished thread and cause the further processing of such yarn or thread for the purpose of selling the same as a finished article.

(b) In construing the application of this Code of Fair Competition nothing herein contained shall be deemed to prohibit any member of the industry from exercising all its and/or their lawful patent rights or as requiring any member of the industry to do any act in conflict with the terms of a patent licensing agreement legally binding upon such member.

(c) For the purposes of this Code the term "productive machinery" shall be taken to mean all machinery used for spooling, winding, reeling, or skeining as a final process to produce thread ready for sale as a finished article.

(d) The effective date of this Code shall be the second Monday after the approval of the Code by the President.

TITLE 2—SPECIFIC AGREEMENTS WITH THE GOVERNMENT

2. Members of the industry who have signed this Code are hereafter referred to as the "parties hereto", and they agree that the provisions of this Code shall be the standards of fair competition for the Sewing, Crochet, Embroidery, and Darning Thread Industry in the United States, and that every violation of the standards estab-

lished in the Code shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act, as amended. The Sewing, Crochet, Embroidery, and Darning Thread Industry will hereinafter be referred to as the Thread Industry.

3. The parties hereto agree:

(1) That the parties hereto shall not impose any inequitable restriction upon admission to membership in the association or group of which they are a part, and that the parties hereto are truly representative of the Thread Industry.

(2) That this Code is not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of Title I of the National Industrial Recovery Act.

(3) That the parties hereto will abide by such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees, and others, and in the furtherance of the public interest as the President in his discretion deems necessary to effectuate the policy declared in said Act.

(4) That the parties hereto will abide by all Federal, State, and Municipal laws and ordinances affecting the health and safety of workers in the locality where they are employed.

(5) On and after the effective date employers in the cotton textile industry shall not employ any minor under the age of 16 years.

(6) Employers in the Cotton Textile Industry shall comply with the requirements of the National Industrial Recovery Act as follows: "(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President."

(7) That the President may from time to time cancel or modify any order, approval, license, rule, or regulation issued under Title I of the National Industrial Recovery Act.

TITLE 3—WAGES AND HOURS OF LABOR

4. On and after the effective date of this Code the minimum wage that shall be paid by employers in the Thread Industry to any of their employees—except learners during a six weeks' apprenticeship, cleaners, and outside employees—shall be at the rate of \$12 per week, when employed in the Southern Section of the industry, and at the rate of \$13 per week when employed in the Northern Section, for forty hours of labor.

5. On and after the effective date employers in the cotton textile industry shall not operate on a schedule of hours of labor for their

employees—except repair-shop crews, engineers, electricians, firemen, office, and supervisory staff, shipping, watching and outside crews, and cleaners—in excess of 40 hours per week and they shall not operate productive machinery in the cotton textile industry for more than 2 shifts of 40 hours each per week.

TITLE 4—THE THREAD INSTITUTE

6. The parties hereto have adopted a Constitution and Bylaws for The Thread Institute, an unincorporated association having an office at 11 West 42nd Street, New York City. Subject to the control and direction of the President, The Thread Institute will act as an agency to aid the Thread Industry to operate under the terms of the National Industrial Recovery Act, and with respect to said industry, to effectuate the policy of the Government as declared in Title I of said Act.

7. The Institute, acting through its agents duly appointed, shall gather from members of the industry information as to cost of production, accounting systems, wages, working hours, and other relevant data for the purpose of preparing and submitting to the President for approval such further agreement or agreements relating to the Thread Industry as will adequately protect employees, employers, consumers, competitors, members of the trade, and others in furtherance of the public interest as contemplated by Title I, Sections 3 and 4 of the National Industrial Recovery Act.

8. With a view to keeping the President and the members of the industry informed as to the observance or nonobservance of this Code of Fair Competition and as to whether the thread industry is taking appropriate steps to effectuate the declared policy of the National Industrial Recovery Act, each member of the industry shall file monthly in The Thread Institute office, and on or about the first day of each month, upon request of The Thread Institute, duly certified reports in such reasonable and convenient form as may be provided by the Executive Committee of The Thread Institute and containing in substance the following information:

(a) *Wages and Hours of Labor*.—The actual hours worked by the various occupational groups of employees and the minimum weekly rates of wages paid.

(b) *Reports of Production, Stocks, and Orders*.—Production, stocks on hand, both sold and unsold, and unfilled orders to be computed in the usual units for such materials.

9. To further effectuate the policies of the Act, The Thread Institute will cooperate with the Administrator as a planning and fair practice agency for the Thread Industry. The Institute will prepare a Code of Ethics defining unfair trade practices in the industry, and a Merchandising Plan incorporating the merchandising policies best calculated to promote fair competition in the industry. Such Code of Ethics and Merchandising Plan when approved by the Administrator shall have the same force and effect as any other provisions of this Code.

The Thread Institute may from time to time present to the Administrator recommendations based on conditions in the industry as they may develop which will tend to effectuate the operation of

the provisions of this Code and the policy of the National Industrial Recovery Act, and in particular along the following lines:

(a) Recommendations as to such further reports from those engaged in the Thread Industry of statistical information and uniform accounting as may be required to secure the proper observance of the Code.

(b) Recommendations for setting up a service bureau for accounting, credit, and other purposes to aid producers in the industry, and more particularly the smaller producers, in meeting the conditions of the emergency and the requirements of this Code.

(c) Recommendations (1) for the requirement by the Administrator of registration by those engaged in the Thread Industry of their productive machinery, (2) for the requirement by the Administrator that prior to the installation of additional productive machinery by persons engaged in the Thread Industry, except for the replacement of machinery of similar capacity, such persons shall secure certificates that such installation will be consistent with effectuating the policy of the National Industrial Recovery Act during the period of the emergency.

(d) Recommendations for changes in or exemptions from the provisions of this Code as to the working hours of machinery which will tend to preserve a balance of productive activity with consumption requirements so that the interests of the industry and the public may be properly served.

(e) Recommendations for requirements by the Administrator as to the naming and reporting of prices which may be appropriate to avoid discrimination, to promote the stabilization of the industry and to prevent and eliminate unfair and destructive competitive prices and practices.

(f) Recommendations for regulating the disposal of distress merchandise in a way to secure the protection of the owners and to promote sound and stable conditions in the industry.

(g) Recommendations for dealing with any inequalities and conditions that may otherwise arise to endanger the stability of the industry and of production and employment.

Such recommendations when approved by the Administrator shall have the same force and effect as any other provisions of this Code.

The Thread Institute will also cooperate with the Administrator in making investigations as to the functioning and observance of any of the provisions of this Code at its own instance or on complaint by any person affected, and will report the same to the Administrator.

The Thread Institute will also investigate and inform the Administrator on behalf of the Thread Industry as to the importation of competitive articles into the United States in substantial quantities or increasing ratio to domestic production on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of this Code and as an agency for making complaint to the President on behalf of the Thread Industry under the provisions of the National Industrial Recovery Act with respect thereto.

10. The parties to this Code of Fair Competition agree to cooperate in aiding The Thread Institute to perform the functions set forth herein and to enable the said Institute to cooperate with the

Administrator to effectuate the purposes of this Code and the policy of the National Industrial Recovery Act.

TITLE 5—MUTUALITY OF CONTRACTS

11. All contracts not for immediate delivery made by the members for the sale of their products shall be in writing and shall be binding upon the parties thereto regardless of price fluctuations. Forms for such contracts, which shall be uniform for all members of the industry, shall be established by The Thread Institute and shall be used by all members. No other form of contract shall be used by any member of the industry in marketing his products, except in case of orders for immediate delivery only. No contract shall contain any guaranty against decline in prices. No sales shall be made on consignment.

TITLE 6—SELLING BELOW COST

12. Each member agrees that he will not sell any of his products at less than the cost of manufacture thereof and that he will determine and certify the cost of manufacture to The Thread Institute, except that distress goods may be sold subject to the provisions of the Merchandising Plan approved by The Thread Institute. The Thread Institute, through committees or agents appointed by the Board of Directors, will proceed to gather all relevant information as to the cost of manufacture and employ such agents as may be necessary in order to determine such costs upon a uniform basis.

TITLE 7—GENERAL

13. Such of the provisions of this Code as are not required to be included therein by the National Industrial Recovery Act may, with the approval of the President, be modified or eliminated, if it appears that the public needs are not being served thereby and as changes in circumstances or experience may indicate.

14. It is contemplated that from time to time supplementary provisions to this Code, or additional codes, will be submitted for the approval of the President to prevent unfair competition in price or other unfair and destructive competitive practices, and to effectuate the other purposes and policies of Title I of the National Industrial Recovery Act.

15. If any provision of this Code shall be declared invalid or unenforceable, the remaining provisions shall nevertheless continue in full force and effect, the same as if they had been separately submitted for approval and had been approved by the President.

TITLE 8—ENFORCEMENT OF THE CODE

16. The Thread Institute as an agency of the Administrator and subject to his control, shall investigate complaints and violations of this Code. The members of the industry shall facilitate such investigations at all reasonable times, and in the event of any violation being disclosed the Executive Committee of The Thread Institute

may present evidence thereof to the proper department, agency or judicial branch of the Government.

Subject to approval by the President, the foregoing Code of Fair Competition has been and hereby is agreed to by the undersigned members of the Thread Industry, acting through their officers thereunto duly authorized.

By ----- Co.,
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President.

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